

Message

From: Kirsten Rasanen [REDACTED]@google.com]
Sent: 9/18/2017 12:59:04 PM
To: Jamie Rosenberg [REDACTED]@google.com]
CC: Sameer Samat [REDACTED]@google.com]; Tia Arzu [REDACTED]@google.com]; Kevin Wang [REDACTED]@google.com]; [REDACTED]@google.com; Claire Hart [REDACTED]@google.com]; David Faye [REDACTED]@google.com]; Purnima Kochikar [REDACTED]@google.com]
Subject: Re: [For your review] Policy Update Open Questions



EXHIBIT 1438

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Thanks Jamie.

On the timing piece specifically, BD is fine to start talking to partners now and announce on 10/19, but we can't reasonably expect any of our largest partners to execute an agreement in 30 days. They will need to socialize internally, want to negotiate terms, etc.

BD is also fine to start talking to partners now, get some agreements signed with our top strategic partners, and then announce in a few months (early 2018).

However, neither approach fully mitigates the risk [REDACTED]

There are pros and cons to each from BD, Legal, Policy and Ops perspective so this conversation probably merits a live discussion when we get together as a group. We will put together something digestible on the topic ASAP as prep.

K

On Sun, Sep 17, 2017 at 10:35 PM, Jamie Rosenberg <[REDACTED]@google.com> wrote:
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Hi all,

Sharing a few thoughts (some of which are reflected in separate exchanges I've had with some of you):

* Partner Comms -- I'm still a bit unclear on whether we are "asking" or "telling" when we make this communication to partners. Being definitive on the policy change (and timeline) is the best way motivate partners to action. If we say "we're thinking about changing the policy," then many partners will likely wait and see if we actually do anything [we've been through this on the Android side with both unlicensed devices and the security transparency report].

* I'm not clear on what form a partner's agreement not to agitate needs to take to get us comfortable with a policy announcement on the proposed timeframe. Is it signing up to LRAP, ADAP or the MDF, in the form of contracts? What about the partners for whom those programs won't be offered? If we are giving partners multi-month grace periods to implement, what will motivate them to sign these contracts within 30 days?

* Have you guys thought about flipping the model, where we do a private "announcement" now to the 30 or so devs we are worried about, and tell them that the policy will go into effect and be announced publicly in 6-9 months? We would pick a definitive date and at the same time present them with whatever incentives we need for them to be compliant by the time of policy launch. This delays the announced policy update (though we could make enforcement changes before then)... but seems to be the only way to truly ensure partners are on board (and ideally even integrated) before the policy rollout happens.

* For LRAP++/ ADAP++, I'm a bit uncomfortable with the spend threshold concept, both because it's prospective (i.e., what happens if they don't actually hit it?) and because it seems to have contagion risk with game developers. It also doesn't give us enough flexibility to offer these terms to a "strategic" dev we might need to have on our side. In a separate note to Kirsten I suggested thinking about this as a "Platform Development Partner" designation, where we invite a few select partners to help us refine our subscriptions platform, in exchange for investing more of the rev share back into their businesses. This could entail sharing data with us on churn, participating in experiments or new user acquisition programs (i.e., Play Guide or Google Assistant). Basically, these "PDPs" would be our core partners in evolving the platform and we would ask them to spend time with us to make the subscriptions platform better for the ecosystem. [Netflix is of course already doing this]

* I think we should spend some time thinking about carriers as a separate cohort. They have their own 1p services and their own billing systems -- and they are partners with us on billing. My thoughts aren't fully formed here, but I've always felt it was awkward to apply our billing policies to carriers in the same way we do to 3p devs. There might be a win-win here where we get carriers more invested on directing users to Play for the provision of services.

* On the open policy questions, I've requested comment access to the doc so I can add comment on the recommendations. We should be able to get to a final POV on those this week.

I have some time in the late afternoon on Monday if it would be best for all of us to get in a room and discuss.

On Fri, Sep 15, 2017 at 9:24 PM, Kirsten Rasanen <[REDACTED]@google.com> wrote:
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Thanks for the feedback, Sameer. Additional comments inline, in blue.

On Fri, Sep 15, 2017 at 8:07 PM, Sameer Samat <[REDACTED]@google.com> wrote:
Feedback inline below.

On Sep 15, 2017 3:40 AM, "Kirsten Rasanen" <[REDACTED]@google.com> wrote:
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Jamie and Sameer,

Subsequent to the meeting with Hiroshi last week regarding the payment policy updates, we've prepared some additional information to help us move the Policy Update planning forward. Here's a deck, but listed below are a few key questions we'd love to get your feedback on **THIS WEEK** if possible.

1. **We propose talking to a few key subscriptions developers now.** In order to gather information from key developers per Hiroshi's request, we'd like to reach out to Deezer, Match, LinkedIn, Skype, DirecTV, Spotify, Netflix, strategic devs representing a variety of categories who are **not currently using GPB**. We will let them know that a policy clarification and subsequent enforcement is coming. We can avoid discussing specific timing or policy language, but this will enable us to get honest feedback and a quick early read on what dev reaction

SS>> How high up in these orgs will we go and what will the messaging here be exactly? For example, with Netflix would we plan to discuss the LRAP++ terms in the same discussion or just the policy changes? Also how will describe the motivation for the change?

KR >

We have various comms path suggestions ranging from exec to BDM outreach.

Messaging:

- Let partners know that we are working on policy updates that will clarify the requirement to use GPB. (Though they will be unhappy, this should not be a huge surprise to any of these developers)
- We will share our messaging around better user experience and coming in line with market standards for rev share and requirement.
- They will have plenty of time to implement, but we want to give them a heads up as a trusted partner.
- **For LRAP/ADAP eligible partners** - that is still on the table for them [standard terms for Deezer, ++ for Netflix, Spotify]
- **For non-video/audio partners** - Ideally we can tee up that we are working on a marketing fund to help defray switching cost for developers who commit to implementing prior to the required deadline. This allows us to offer a bit of a non-specific carrot to gauge reaction and see if that would move them.

Netflix: recommendation is Jamie > Bill conversation.

Messaging:

- **LRAP++** - we value their partnership and recognize the economic constraints they have so are willing to work with them on a next level LRAP deal to get us to 10% rev share (additional product requirements are those that they already are engaged in)
- **Policy** - We are planning policy change but believe its a better user experience if we can work together to ensure an easy subs process via the app hence LRAP++. We don't want to see them go consumption-only.

Spotify: Similar approach (see below)

Spotify would be my only concern here because I feel like there is some chance they would leak this given their external stance on this [REDACTED]... any concerns here?

KR > Yes, we share those concerns. There is likelihood that no matter how we approach this, they may still complain. Better to try to partner first rather than blind-side them.

High-level comms plan here. Comms should be at a senior exec level, if possible. Let's discuss who at Google should reach out.

Messaging:

- 1.) **Assistant:** Assistant billing integration is coming, you're our first, most important partner from product perspective;
- 2.) **Policy:** Policy update is coming; we don't want you to go consumption only b/c it's bad for users so
- 3.) **ADAP++** we are prepared to offer 10% rev share [NOTE: They may ask for lower, we should decide if we are willing and how much]
 1. will be. **Can we move ahead with this before exec approvals?**
 2. **LRAP++/ADAP++.** (details) Can we move forward with this new tier?
 - a. 10% rev share

- b. Available to Video/Music devs with \$100M+ consumer spend potential [Ex. Spotify, Netflix]
- c. Requires a few other key integrations including Chromebook support, Assistant on Home, Primetime, etc.

Redacted - Privilege

1. **Netflix and Spotify:** If LRAP/ADAP++ is approved for a limited partner set, we would like to bring the proposal to Netflix and Spotify soon (asap). This alleviates allocation issue for Netflix so *if* we are going ahead with LRAP, let's offer it now. For Spotify, this gives us an opportunity to tell them about policy along with a business offer to see if this will move them. This discussion should probably be at the exec level for both partners.

SS>> When you say it alleviates the allocation issue you mean the current concerns about continuing to test with us? With Spotify how do we deal with their requests for Assistant?

KR > Yes, **Netflix:** LRAP++ may keep Netflix engaged and prevent them from reducing current allocation (they'd need to go to 100% to qualify for 10%).

For **Spotify**, we let them know that Assistant integration is in the works (pls. let us know if that is no longer the case - haven't heard an Assistant update in a while) and they can be the first partner on board.

1. **Open Policy issues:** There are a handful of open policy questions that we'd like your comment on so we can move ahead with drafting language and assessing impacted developers and their reaction. [If reasonable, while these policy questions are being resolved, we would like to start with 1 and 2 to discuss the update more broadly with key partners.]

SS>> I can't access the doc on the plane here but will review asap when I land and come back to you.

KR > Thanks. Holler if you have questions

1. **What will help you move this ahead?** What can we prepare for the next set of exec (Hiroshi) reviews to help make the go/no-go decision?

SS>> My suggestion is once we have aligned on all the things in this doc we get together and discuss the dev pipeline specifics and where we think we are -- I think this will be critical for shaping the next discussion with Hiroshi. My sense is if we started this calling on Monday we would have a sense of where we are by EOW ? Is that reasonable?

KR > We could certainly start the ball rolling with Netflix/Spotify on Monday/Tuesday, though we need to determine the right exec path for Spotify.

Other initial discussions can also be kicked off next week.

Timing for responses from partners will vary as they will need to escalate internally but we can at least see what shakes out from first discussions.

As well, Sameer requested some additional background on the [REDACTED] concerns driving the need for making our policy clearer and enforcement more consistent.

I gave Hiroshi a download on these issues while we were in Korea together but I will send him this doc and copy claire so he has a better sense of the specifics.

We look forward to your feedback.

K.

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